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Summary

About this Release

ABOUT THIS RELEASE

Human capital is an important concept in modern economics and in economic policy discourse. Unfortunately, direct measures of human capital stocks are available for very few countries. This paper provides experimental measures of the stock of human capital for Australia employing a lifetime labour income approach.

Using the full Australian Census data for 1981, 1986, 1991, 1996 and 2001, this study provides five snapshots of age-earnings profiles for four categories of educational attainment for both men and women over this twenty year period. Based on these age-earnings profiles, this study derives per capita measures of lifetime labour market incomes for each age/sex/education cohort, and applies these per capita measures to the number of people in the corresponding cohort. It then aggregates across all cohorts to estimate the human capital stock for Australia.

The study results show that there has been a significant increase in the stock of human capital in Australia over the 20 year period, characterised by sharply rising shares of total human capital attributable to more educated workers. It also shows that the value of human capital stock is significantly greater than that of physical capital.

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